
UCLA Policy 740: Purchasing Goods and Services – Draft 11/3/2023

Issuing Officer: Vice Chancellor and Chief Financial Officer
Responsible Dept: Procurement
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I. PURPOSE & SCOPE

This Policy outlines campus approval authorities, responsibilities, and restrictions for the purchase of Common Goods and Services (“Goods and Services”) in accordance with University policies and UC BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management.

General policy guidelines and procedures for limited, low-value items under \$10,000 are established in this Policy. Several special categories of purchases are outlined in Attachment A: Goods and Services Purchase Restrictions and Purchases Requiring Special Approval.

II. DEFINITIONS

For the purposes of this Policy:

[See UC BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management](#) for capitalized terms in this Policy

III. POLICY STATEMENT

A. University Purchase Standards & Expectations

The University is committed to maintain high standards of performance based upon fair, ethical, and professional business practices. In accordance with UC BFB-BUS-43, the University expects that each campus Procurement/Supply Chain Director and others authorized by the Procurement/Supply Chain Director to make purchases, complies with related University policies and procedures, UC-BFB-BUS-43, and abide by the [Principles and Standards of Ethical Supply Management Conduct](#) of the Institute for Supply Management (ISM) and the [Code of Ethics of the National Association of Educational Procurement \(NAEP\)](#).

At UCLA, the designated Procurement/Supply Chain Director is the Chief Procurement Officer (CPO).

B. Purchases of \$5,000,000 and Over

A Procurement Contract or Purchase Order for Goods or Services of \$5,000,000 and over will be referred to the Vice Chancellor & Chief Financial Officer for approval.

C. Purchases of \$100,000 and Over

The CPO obtains competitive bids (price quotations or proposals) for any transaction expected to involve an expenditure of \$100,000 or more for Goods or Services (BUS-43, Section III, Part 1, C. 4. a.). Exceptions to this requirement may be available for unique products, Sole Source, or emergency conditions. Competition sought by others than the Chief Procurement Officer (CPO) or designee does not satisfy this requirement.

D. Purchases of over \$10,000 and under \$100,000

A Procurement Contract or Purchase Order for Goods or Services over \$10,000 and under \$100,000 has been delegated to individuals within the Procurement Department, see UCLA [delegations website](#).

E. Low-Value Purchase Authorization of \$10,000 and Under for Non-restricted Goods and Services

Low-Value Purchase Authorization (LVO Authorization) is a limited purchasing authority designated to all campus units for the purchase of Goods or Services that are not available from established agreements or campus service units. Low-Value Purchase (LVO) consists of Goods and Services that do not exceed a cost of \$10,000 per Supplier, per day, per account-code, excluding transportation costs and excluding sales and/or use tax.

Exceptions may be considered on a case-by-case basis and must be issued in writing by the CPO.

See section IV for LVO procedures.

1. LVO Authorization Designations

a. The Campus CPO may designate LVO Authorization to qualified individuals in campus units outside the Procurement Department. This designation does not include authorization to sign contracts or agreements directly with a Supplier. If a Supplier requires a signature on its contract or quotation form, Procurement must review the contract and the requesting department will be required to prepare and submit a requisition. Active LVO Authorizations and procedures for requesting an LVO Authorization are outlined in this Policy.

b. All campus units must demonstrate that they have the capability to administer and control such designated purchasing authority in compliance with University policy. This includes, but is not limited to:

- A units' ability to divide responsibility so that certification of receipt of purchases and review of charges are not done by the person with designated purchase authority.
- Units taking action required to pay Suppliers in accordance with the Standard UCLA payment terms after the item is purchased, and units are expected to take action required to pay Supplier and address any related issues on a timely basis.

c. All purchases made under designated purchasing authority will be in accordance with University purchasing policies including but not limited to this Policy, UC Business and Finance Bulletins and BUS-43. Non-compliance with the provisions of this or other University purchasing policies will be cause for the withdrawal of designated purchasing authority.

2. LVO Purchasing Requirements

- a. When to issue an LVO: An LVO is issued at the time of commitment to the Supplier. LVOs may not be issued to pay invoices after-the-fact for Goods or Services already received. University terms and conditions must be presented to the Supplier when the order is placed, or else the Supplier's terms and conditions may govern the transaction. Supplier terms and conditions may violate UC policies, may not provide the required protection, or may have onerous business terms. The BruinBuy Plus system PO distribution function must be used to present the order to the Supplier as it includes the University terms and conditions.
- b. Multiple LVOs: The issuance of multiple LVOs on the same day or repeat orders on consecutive days to a Supplier for the same or related material, or the issuance of multiple invoices by a Supplier in order to circumvent policy, are prohibited and will be cause for the withdrawal of LVO authorization.
- c. Federal funds: Federally funded purchases are allowed on LVOs, with several caveats. The federal government requires maximum competition for purchases of \$10,000 and above. Federal auditors require departments to keep documents which identify multiple quotes validating the Supplier selection or a brief source justification, and LVOs must comply with applicable federally required terms and conditions. These departmental files may be reviewed during audits.
- d. Repetitive requirements: Goods, Services, and repairs for which there is a repetitive requirement must be made against restricted (departmental) or campus-wide declining balance orders, or from campus or system-wide Sole Source agreements. Departments then issue releases against those declining balance orders in the Purchasing BruinBuy Plus system.
- e. Strategic Sourcing Agreements: The use of Strategic Sourcing Agreements is strongly encouraged and is mandated for units within the purview of the Vice Chancellor & Chief Financial Officer (see exception below (f)). Strategic Sourcing Agreements provide the University with better overall value. A Supplier Agreements List containing the campus-wide and Strategic Sourcing agreements can be found on the [Buying Website](#)
- f. Small Business purchases: An exception to the general guideline to use Strategic Sourcing Agreements is made for the use of Small Businesses, including self-certified Small Businesses or those certified by the Small Business Administration or other certifying agencies, as part of the University's obligations as a federal contractor and the UC Small Business First Program.

The UC Small Business First Program establishes the goal of awarding 25% Economically and Socially Responsible (EaSR) spend annually to small and diverse owned businesses. California Public Contract Code Section 10508.5 allows the University to award purchase agreements valued up to \$250,000 to a certified Small Business without being competitively bid, so long as the UC obtains price quotations from two or more certified Small Businesses.

For federal contracts with Small Business Subcontracting Plans, goals for purchases with various categories of Small Businesses are contractually required. For more information on federal contracting and the Small Business First Program, see UC Business & Finance Bulletin [BUS-43](#), Section III, Part3, Supplier Diversity and Federal Planning and Reporting.
- g. Corporate Credit Card purchases (Pcard): Pcard purchases are a form of low-value purchase orders, and are subject to the same restrictions as LVOs, as well as separate Pcard restrictions found in the [UCLA Procurement Card User Guide](#). The Pcard purchase limit is \$5,000 per purchase or lower, as requested by department management.
- h. E-commerce: BruinBuy Plus electronic catalog purchases or Supplier Site Order purchases, or purchases against established agreements, are not considered LVOs.

F. Reimbursement of Personal Funds for Purchases of Goods or Services

1. The purchase of individual business travel and entertainment (non-event related) typically is made, with the UCLA Travel & Entertainment Corporate Card, or with personal funds.

Reconciliation and reimbursement of travel and entertainment expenses must be sought through the Express Expense Reporting System upon conclusion of the travel or event. Reimbursement will be made after appropriate documentation is provided and the expense is deemed to be in compliance with University policy.

2. The purchase of Goods and/or Services with an employee's personal funds and subsequent reimbursement is strongly discouraged, and is limited to \$1,500 per transaction. Purchases above \$1,500 must be made using approved methods of purchasing, including Strategic Sourcing Agreements, department declining balance orders, requisitions, LVOs, and Pcard purchases. Reasons why reimbursement of purchases made with personal funds may not be appropriate include:

- A reimbursement seeks approval for a purchase already made. Some purchases may not be reimbursable if they do not comply with policy or relevant laws.
- Retail purchases may carry prices much higher than what is available under existing University contracts. An example is ergonomic office furniture, where typical retail pricing may be more than twice that of comparable furniture available under contract. In such cases, full reimbursement would not be approved.
- Purchases made by employees do not incorporate University terms and conditions of purchase, and authority to sign contracts binding the University is limited to officials with a formal Delegation of Authority.
- Services performed by Suppliers may have tax implications for the employee or the Supplier.

IV. LVO PROCEDURES

The following table outlines the procedures for LVOs.

A. Establishing Purchasing Authorization

RESPONSIBILITY	ACTION
Department	<p>The designation for departmental units to make Low Value Order transactions is contingent upon the unit maintaining purchasing documentation and records of all department personnel permitted to purchase Low-Value Goods or Services with departmental funds.</p> <p>Keeps Distributed Administrative Security System and Post-Authorization Notices (DACSS/PAN) tables updated to reflect authorized preparers and reviewers (mandatory and non-mandatory).</p>
Campus CPO	Evaluates activity, and procedural compliance of departments. Continues or discontinues individual designation based on that evaluation.
Administrative Information Systems	Provides activity information to campus departments and CPO.

B. Ordering Supplies, Repairs, and Services under Low-Value Authorization

RESPONSIBILITY	ACTION
Department (Individual with Low-Value Authorization)	<p>Places order with Supplier by fax, mail, or phone.</p> <p>Prepares an online Low-Value Order via the BruinBuy system or PAC system, to record each purchase at the time of the order, and uses the BruinBuy Plus functionality to present the order and UC terms and conditions to the Supplier.</p>

Supplier	Delivers requested Goods or performs Service.
Department	Receives Goods or Services and notes receipt online.
Supplier	Sends invoice to Accounts Payable.
Accounts Payable	Receives invoice from Supplier and matches to online order. Schedules invoice for payment.
Department (Individual who did <u>not</u> place order)	Mandatory Reviewers perform timely review of DACSS/PAN messages; department audits for receipt of order.
CPO	Reviews and approves/denies any exception requests with respect to this authorization designation.

V. PURCHAING RESTRICTIONS

A. Conflict of Interest

Procurement of Goods or Services from employees or their Near Relatives or in circumstances in which either or both of them know, or have reason to know, they have a financial interest, is contrary to University policy. Exceptions are considered only after submission of a Report of Purchasing Transactions Involving Possible Conflict of Interest (BUS-43, Section III, Part 5).

B. Prohibited Items

University prohibits the procurement of certain items as described in Attachment A.

C. Items Requiring Special Approvals

Items that must be approved by a designated Campus Officer are outlined in Attachment A.

D. Sole Source Items

Any Sole Source (non-competitive) procurement request must be approved via the Source Selection and Price Reasonableness Form justification process within BruinBuy Plus and includes a statement that the equipment or service will result in maximum benefit to the campus as compared with all others available on the market.

E. Postal Materials and Services

All mailing and purchase of stamps, postcards and similar materials are to be handled through the UCLA Mail, Document, and Distribution Services, see [UCLA Policy 310: UCLA Mail and Bulk Mail Services](#).

F. Personal Purchases

No personal purchases will be made in the name of the University or with University controlled funds.

G. Acceptable Quotations and Proposals

Only responses to requests for quotations solicited by the Procurement Department can be regarded as meeting requirements for competition in purchasing.

H. Release of Award Information

Any request for information should be referred to the CPO.

I. Purchases without Delegated Authority or Designations

An individual who has not been delegated or designated purchasing authority who makes an unauthorized purchase of Goods or Services will be responsible for payment of the charges incurred (BUS-43, Part 1, H).

VI. RESPONSIBILITIES

The following campus officials have been assigned responsibilities to implement this Policy and related University policies.

A. The Chief Procurement Officer

1. Providing a centralized organization, and mechanisms for the acquisition of Goods and Services.
2. Delegating and designating the appropriate purchasing authority to buyers and contract administrators within the Procurement organization.
3. Determining the prequalification of Suppliers (BUS-43, Section III, Part 1). Prequalification requirements are developed for categories of purchases or for a given transaction commensurate with the complexity, cost, risk, and item availability.
4. Obtaining competitive bids (price quotations or proposals) for any transaction expected to involve an expenditure of \$100,000 or more for Goods or Services (BUS-43, Section III, Part 1). Exceptions to this requirement may be available for unique products, Sole Source, or emergency conditions. Competition sought by other than the CPO or designee does not satisfy this requirement.
5. Soliciting Suppliers' interest with requests for quotation (RFQ), requests for proposal (RFP) and requests for information (RFI). These documents are known as solicitations.
6. Processing quotations or proposals received (BUS-43, Section III, Part 1). Bids must be received in the format indicated in the respective RFP not later than the time and date specified in the solicitation.
7. Negotiating with Suppliers (BUS-43, Section III, Part 1.). Negotiations are limited to a narrow realm of situations, and are conducted by Procurement buyers and contract administrators with the Supplier(s) on a fair and equitable basis.
8. Determining awards which are to be made to the lowest responsible bidder whose quotation is responsive and results in a reasonable price (BUS-43, Section III, Part 1).
9. Insuring purchase awards and contracts are in compliance with University policies and all applicable extramural requirements.
10. Documenting procurements (BUS-43, Section III, Part 1). Purchase contracts are processed through a University Procurement Contract or Purchase Order, utilizing standard terms and conditions of purchases. Records of solicitations, analysis, and award are maintained which substantiate compliance with University policies.
11. Releasing award information (BUS-43, Section III, Part 1). After an award has been made, any individual or firm is entitled to information relating to a purchase transaction. Requests for such information are to be directed to the CPO or designee. Users are cautioned not to discuss bid or award information.
12. Auditing low-value purchases (BUS-43, Section III, Part 1, I.). Guidelines for Low-Value Purchase Authorizations are presented in Section IV. E. All purchases made under the Low-Value designation are subject to audit.
13. Administering Commodity Agreements, auditing Supplier performance, and compliance with contract terms.
14. Administering the Strategic Sourcing Initiative which seeks to satisfy large scale requirements of the University through University-wide supply agreements (BUS-43, Section III, Part 2). These agreements generally provide better pricing, delivery and/or quality. Purchases from supply agreement sources may be made directly by users at the discretion of the responsible Strategic Sourcing Commodity Manager.

15. Ensuring compliance with UC Purchasing and Public Policy through which the University expands opportunities for underrepresented enterprises to conduct business with the University (BUS-43, Section III, Part 3, A.).
16. Instituting programs to deal with standardization, value, and cost analysis.
17. Developing and maintaining written procedures and controls to implement University purchasing policies.
18. Assisting all departments in obtaining information and prices as well as advising on methods of procurement to meet user requirements.
19. Contacting Suppliers with regard to demonstrations, purchase order conditions, return of Goods, credits, and other procurement functions.

B. Department Administrators and Principal Investigators

1. Submitting Purchase Requisitions with appropriate **specifications and descriptions** sufficient to secure the class of Goods or Services requested.
2. Providing **reasonable lead time** for the purchase of the requested Goods or Services.
3. Ensuring that **equipment screening procedures** have been completed.
4. Adhering to federal & state laws. (i.e., Export Control).
5. Providing **justification**, when requesting that a procurement be non-competitive, which will permit evaluation and determination by the CPO or designee that a brand or trade name article, thing, or product, or proprietary service is unique, available only from a Sole Source, or is designated to match or interlink with others used in or furnished to a particular installation, facility or location.
6. Assuring that the other approvals for purchases (Attachment A) have been satisfied and that requisitions are submitted to the Procurement Department for competitive bidding prior to a commitment. (Contact with Suppliers may be made to gain technical information. Bids requested or obtained by departments in connection with these requisitions are not acceptable.)
7. Assuring that appropriate **funds are available** before submitting a requisition.
8. Assuring that requests for procurement against contract or grant funds are submitted well in advance of the fund's expiration date.
9. Normally, requisitions may not be submitted for purchases against contract or grant funds after **deadline dates** which are: 90 days prior to the final expiration date of the contract or grant for equipment items, and 30 days prior to such date for supply items.
 - a. Requests for **exceptions** to the above submission deadlines must be directed in writing to the UCLA Office of Sponsored Research for review and approval.
10. Assuring that any **dollar or percentage limitations** on total equipment expenditures set forth in applicable contract provisions or grant policies will not be exceeded in submitting requests for procurement. If such limitations will be exceeded, prior approval in writing must be obtained from the funding agency and the Office of Sponsored Research.
11. Assuring that, in the requisitioning of either general purpose equipment or permanent research equipment with an acquisition cost in excess of limitations set forth in the applicable contract provisions or grant policies, such equipment: (a) is **listed in the approved budget** for the project, or (b) **has been approved in writing by** the funding agency and the Office of Sponsored Research.

IV. REFERENCES

1. UC Business and Finance Bulletin BUS-4, University Commodity Codes for Equipment and Supplies;
2. UC Business and Finance Bulletin BUS-29, Management and Control of University Equipment;

3. UC Business and Finance Bulletin BUS-34, Securing the Services of Independent Consultants;
4. UC Business and Finance Bulletin BUS-43, Materiel Management; Note: The following Business and Finance Bulletins were incorporated in BUS-43: BUS-3, -5, -10, -11, -14, -16, -18, -33, -42, -48, -51, -57, -58, -61, and -66;
5. UC Business and Finance Bulletin BUS-50, Materiel Management: Acquisition and Use of Narcotics and Dangerous Drugs;
6. UC Business and Finance Bulletin BUS-56, Materiel Management: Purchases from Entities Violating State or Federal Water or Air Pollution Laws;
7. UC Business and Finance Bulletin BUS-63, Insurance Requirements/Certificates of Insurance;
8. UC Business and Finance Bulletin BUS-77, Independent Contractor Guidelines;
9. UCLA Policy 742, Acquisition of Works of Art, Antiquities and Artifacts.

VIII. ATTACHMENTS

- A. Goods and Services Purchase Restrictions and Purchases Requiring Special Approval.

Issuing Officer

/s/

Vice Chancellor and Chief Financial Officer

**Questions concerning this Policy should be referred to
the Responsible Department listed at the top of this document.**